

AR14

HUGH-PAM PORCUPINE MINES LIMITED

ANNUAL
REPORT 1969

HUGH-PAM PORCUPINE MINES LIMITED

<i>Officers</i>	H. F. Brownbill, <i>President</i>
	F. G. Lawson, <i>Vice-President</i>
	W. H. Maedel, <i>Vice-President and Secretary-Treasurer</i>
<i>Directors</i>	H. F. Brownbill
	L. B. Harder
	D. G. Lawson
	F. G. Lawson
	W. H. Maedel
<i>Transfer Agents and Registrars</i>	Canada Permanent Trust Company, Toronto, Canada
	Registrar and Transfer Company, Jersey City, U.S.A.
<i>Auditors</i>	Campbell, Sharp, Nash & Field
<i>Bankers</i>	Bank of Montreal
<i>Solicitors</i>	Lang, Michener, Cranston, Farquharson & Wright
<i>Head Office</i>	105 Adelaide St. West, Toronto, Ontario

Annual Meeting 11:00 a.m., May 26, 1970

105 Adelaide St. West, Toronto, Ontario

Report of the Directors

To the Shareholders:

The Annual Report of the Company for the year ended December 31, 1969 is presented herewith.

Working capital and investments at quoted market value totalled \$638,325, equal to 13¢ per share, at December 31, 1969, compared to \$747,620 at the end of 1968.

No further exploration of the uranium prospect in the Serpent River Area was done in 1969. A study of the results of work done in the previous year did not justify the continuation of this project, therefore it was abandoned.

A group of claims in the Wanapitei Lake Area near Sudbury were optioned and explored for copper and nickel. A magnetometer and electro-magnetic survey was carried out over portions of the property and shallow diamond drill holes were put down to test sulphide mineralization exposed in surface pits. This work did not yield encouraging results, therefore the option was terminated.

In September, 1969 your company purchased 40,000 shares of Ingersoll Machine and Tool Company Limited. Hugh-Pam was associated with a small group of other Canadian investors in purchasing a block of Ingersoll stock that represents control. The Ingersoll Company has very aggressive management and is engaged in the manufacture of high quality products. It has no funded debt and there is substantial equity behind the shares, as

dividends were kept at a minimum for many years and the remainder of earnings re-invested in plant and equipment. The Company has ample cash and working capital to expand its operation or make acquisitions. The earnings per share in 1969 amounted to 98¢ and the stock (selling around \$7.50) is currently paying 50¢ per share annually. A copy of the Ingersoll Annual Report for 1969 will be sent on request.

The principal holdings in shares of other companies at year-end were as follows:

<u>Company</u>	<u>Shares</u>
Abitibi Paper Company Ltd.	1,400
Brascan Limited	5,600
British Newfoundland Corporation Ltd. . .	20,000
Ingersoll Machine and Tool Company Ltd.	40,000
Kerr Addison Mines Limited	2,000
Power Corporation of Canada Ltd.	8,800

It is intended to pursue an active program of exploration for mineral deposits.

On behalf of the Board,



President

April 24, 1970

HUGH-PAM PORCUPINE MINES LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet as at December 31, 1969

ASSETS

	1969	1968
Current		
Cash and short term deposits	\$ 7,312	\$ 176,830
Accrued interest	—	414
	7,312	177,244
Investments in Other Companies — at cost		
Market value 1969 — \$631,900. — 1968 — \$614,575.	631,046	517,463
Mining Property		
Whitney Township	1	1
Serpent River Area, at cost	—	9,778
	1	9,779
Deferred		
Exploration, development and other expenditures	14,555	59,093
	<u>\$ 652,914</u>	<u>\$ 763,579</u>

LIABILITIES

Current		
Accounts payable and accrued liabilities	\$ 887	\$ 44,199

SHAREHOLDERS' EQUITY

Capital Stock			
Authorized — 6,000,000 shares, par value \$1.00			
Issued — 4,790,601 shares	\$4,790,601		
Less: Discount on shares issued	2,691,261	2,099,340	2,099,340
Deficit			
Balance, beginning of year	1,379,960		
Add: Exploration costs written off	56,379		
Mining claims written off	11,531		
Deduct: Gain on disposal of investments	(557)	1,447,313	1,379,960
		652,027	719,380
		<u>\$ 652,914</u>	<u>\$ 763,579</u>
On behalf of the Board:			

"H. F. BROWNBILL", Director.

"W. H. MAEDEL", Director.

Statement of Deferred Exploration, Development and Other Expenditures

For the Year Ended December 31, 1969

	1969	1968
Balance, at beginning of year	\$ 59,093	\$ 24,651
Serpent River Area, Ontario	—	42,348
Ketza River Area, Yukon Territory	376	14,298
Other		
Cobalt Silver Prospect — participation	—	20,235
Wanapitei Lake Area	13,612	—
Examination of prospects	419	460
	14,031	20,695
Less: Amount transferred to deficit	14,031	20,695
Property Taxes — Whitney Township	1,651	1,459
Administration		
Salaries	7,800	5,800
General and administration	9,428	10,100
Directors' fees	225	225
Legal and audit	1,302	629
Shareholders' reports and meetings	1,151	971
Transfer agents' fees and expenses	1,713	1,685
	21,619	19,410
Total for year	23,646	77,515
Less: Dividend and interest income	25,836	43,073
Net Expenditures for year — deferred	(2,190)	34,442
	56,903	
Deduct: 1968 Serpent River expenditures — transferred to deficit	42,348	—
Balance, end of year	\$ 14,555	\$ 59,093

Statement of Source and Use of Funds

For the Year Ended December 31, 1969

	1969	1968
Source of Funds		
Sale of investment in shares of other companies	\$ 308,464	\$ 651,141
Use of Funds		
Net expenditures per statement	(2,190)	34,442
Exploration costs written off	14,031	20,695
Mining claims written off	1,753	—
Investment in shares of other companies	421,490	469,809
Acquisition of mining claims	—	1,005
	<u>435,084</u>	<u>525,951</u>
Decrease (Increase), in working capital	126,620	(125,190)
Working Capital, beginning of year	133,045	7,855
Working Capital, end of year	\$ 6,425	\$ 133,045

Notes to the Financial Statements

December 31, 1969

1. Should mining operations at its Whitney Township property be resumed profitably, some portion or all of a liability of \$269,000. previously written off, could become payable out of said profits.
2. Remuneration of directors and senior officers was \$8,025.

AUDITORS' REPORT

To the Shareholders of
Hugh-Pam Porcupine Mines Limited.

We have examined the balance sheet of Hugh-Pam Porcupine Mines Limited as at December 31, 1969 and the statements of deferred exploration, development and other expenditures and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CAMPBELL, SHARP, NASH & FIELD,
Chartered Accountants.

Toronto, Canada,
February 10, 1970.

